UNITED
NATIONS

T

Trusteeship Council

Distr.
GENERAL

T/PV.1691
4 June 1992

ENGLISH

Fifty-ninth session

VERBATIM RECORD OF THE 1691st MEETING

Held at Headquarters, New York,
on Tuesday, 26 May 1992, at 10.30 a.m.

President: Mr. RICHARDSON (United Kingdom)

later: Mr. FELIX-PAGANON (France)

- Opening of the fifty-ninth session
- Statement by the President
- Adoption of the agenda
- Report of the Secretary-General on Credentials
- Election of the President and the Vice-President

/...

This record is subject to correction.

Corrections should be submitted in one of the working languages, preferably in the same language as the text to which they refer. They should be set forth in a memorandum and also, if possible, incorporated in a copy of the record. They should be sent, within one week of the date of this document, to the Chief, Official Records Editing Section, Office of Conference Services, room DC2-750, 2 United Nations Plaza.

Any corrections to the records of the meetings of this session will be consolidated in a single corrigendum, to be issued shortly after the end of the session.

92-60715 8748V (E)

- Organization of work

- Examination of the annual report of the Administrative Authority for the year ended 30 September 1991: Trust Territory of the Pacific Islands

- Report of the United Nations Visiting Mission to Palau, Trust Territory of the Pacific Islands, March 1992

The meeting was called to order at 10.50 a.m.

OPENING OF THE FIFTY-NINTH SESSION

The PRESIDENT: I declare open the fifty-ninth session of the Trusteeship Council.

STATEMENT BY THE PRESIDENT

The PRESIDENT: Let me first of all, with great pleasure, say how nice it is to see so many friends from Washington and Palau back here so soon after we met them all during our visit to Palau at the end of March. I hope that our friends from Palau will take back with them the warmest greetings of all members of the Council and all mission members to President Etpison and Vice-President Nakamura, and all our friends and colleagues who did so much to help us in Palau when we were there at the time of the visiting mission.

I also want to take this opportunity to express our very deep sorrow at the untimely death of Chief Justice Nakamura, with whom we had, I remember very well, an extremely interesting and lively conversation. We are all deeply sorry that he has passed away. I ask you all please to convey once again our sincere sense of sorrow to his relatives.

ADOPTION OF THE AGENDA (T/1963)

The PRESIDENT: Members of the Council have before them in document T/1963 the provisional agenda drawn up by the Secretary-General in consultation with the President of the Council under rule 8 of our rules of procedure.

If I hear no comments, I shall consider that the agenda of the fifty-ninth session is adopted.

The agenda was adopted.

REPORT OF THE SECRETARY-GENERAL ON CREDENTIALS

The PRESIDENT: I should now like to inform members of the Council that the Secretary-General has still not received the credentials of all members of the Council. May I suggest, therefore, that this agenda item be considered at a future meeting?

If there are no objections, it will be so decided.

It was so decided.

ELECTION OF THE PRESIDENT AND THE VICE-PRESIDENT

The PRESIDENT: I now invite members of the Council to elect a President of the fifty-ninth session. This election will be carried out by secret ballot pursuant to rule 41 of the rules of procedure of the Trusteeship Council.

A vote was taken by secret ballot.

Mr. Jean Félix-Paganon (France) was elected President unanimously.

The PRESIDENT: I am delighted that the Council has unanimously elected Mr. Jean Félix-Paganon President of the Council. He is, as we say in the United Nations, no stranger to the work of the Council.

I now invite Mr. Félix-Paganon to take the Chair.

Mr. Félix-Paganon took the Chair.

The PRESIDENT (interpretation from French): Before taking up the next agenda item, that is to say, the election of the Vice-President, I should like first of all, on my own behalf and, I am sure, also on behalf of all members of the Council, to extend thanks to my predecessor, Mr. Thomas Richardson, who for a year now has guided the work of our Council with efficiency, diligence, courtesy, kindness and, above all, such a great sense of humour.

(The President)

I should also like to thank the members of the Council for the trust they have shown in electing me to the presidency. Of course, this election came as no surprise; nevertheless, it gives me great pleasure and I look forward to the task with considerable interest. I say "pleasure" because, following the last visiting mission to Palau, many of the participants here have now become friends, and it is always most agreeable to preside over a meeting of friends.

(The President)

I say "interest", because we all realize that this session of the Trusteeship Council will be an important one, for, during the last visiting mission to Palau, we all felt that the archipelago was on the eve of making a decisive choice. I think that this session will afford us an opportunity to hear in some detail the intentions of all concerned with regard to the future, and especially with regard to the prospects for Palau's reaching a decision on its final status. I do hope, therefore, that my presidency will in this respect see our work bear fruit, and I should like to assure the representatives of Palau who are with us that they can count on the members of the Council and its President to help them to achieve their aspirations in so far as possible.

We shall now proceed to the election of the Vice-President of the Council.

A vote was taken by secret ballot.

Mr. Thomas Richardson (United Kingdom) was elected Vice-President unanimously.

The PRESIDENT (interpretation from French): I congratulate Mr. Thomas Richardson most sincerely and heartily on his election. On the basis of past experience, I am absolutely certain that the leadership of the Council will be in the best possible hands should I be unable to be present.

Mr. RICHARDSON (Vice-President): I do not intend to say very much, because I shall have occasion to speak a little bit later in this debate about the outcome of our visiting mission to Palau. But let me say quite genuinely, Mr. President, what a pleasure it is to be serving under you this year as your Vice-President. I thank all members of the Council for electing me to that position, and I know that in Jean Félix-Paganon the Council has someone who is fully familiar with the situation in Palau and who was of enormous help to us throughout the entire time of our visiting mission.

ORGANIZATION OF WORK

The PRESIDENT (interpretation from French): A provisional time-table for the fifty-ninth session of the Trusteeship Council has been prepared and circulated to members of the Council. It has been drawn up on the basis of past experience and in accordance with the time-table prepared for the fifty-eighth session. The Council is of course free to make changes in this time-table if members so wish.

If there are no comments, I shall take it that the Council agrees to follow the time-table as closely as possible.

It was so decided.

The PRESIDENT (interpretation from French): Before proceeding to take up the substantive part of our work, I should like to ask members of the Council to do their best to be on time for meetings, so that the Council will be in a position to make maximum use of the time available to it and try to conclude its work for the session within the agreed time frame.

I have been approached by the representatives of the Federated States of Micronesia and Papua New Guinea with a request to sit at the Council table during the current session of the Council. As members recall, the Federated States of Micronesia and Papua New Guinea participated in the recent visiting mission to Palau. I propose, in accordance with rule 12 of the rules of procedure of the Trusteeship Council, to invite those representatives to take places at the Council table and to participate, without the right to vote, in the Council's deliberations. If I hear no objection, I shall take it that the Council agrees to my proposal.

It was so decided.

At the invitation of the President, Mr. Marehalau (Federated States of Micronesia) and Mr. Lohia (Papua New Guinea) took places at the Council table.

The PRESIDENT (interpretation from French): Before the Council begins its consideration of conditions in the Trust Territory of the Pacific Islands, I should like to call on the representative of the United States, who wishes to introduce the members of her delegation.

Mrs. TAHIR-KHELI (United States of America): I should like first to introduce Assistant Secretary Stella Guerra from the Department of the Interior, who is of course already known to members. Assistant Secretary Guerra heads the Office of Territorial and International Affairs in the Department of the Interior.

Next to the Assistant Secretary is Stephen Sander, Legislative Assistant in the Office of Territorial and International Affairs, Department of the Interior.

We also have with us another colleague, who went on the mission to Palau, John Becker, Director of the Office of Freely Associated States, Europe, East Asia and Pacific Affairs, in the State Department, and Christian Castro, who I believe members already know from the United States Mission to the United Nations.

Next to Stephen Sander, we have the Honourable Santos Olikong, Special Presidential Representative and Chairman of the Palauan delegation; the Honourable Victorio Uherbelau of the Ministry of Foreign Affairs; Sandra Pierantozzi, Minister of Administration; Senator Minoru Ueki, Senate Vice-President and Chairman of the Foreign Affairs Committee; and, lastly, the Honourable Hideo Tell, Chairman of the House Foreign Affairs Committee. We have additional colleagues here, but I think I shall leave the introductions at that.

At the invitation of the President, the members of the United States delegation took places at the Council table.

The PRESIDENT (interpretation from French): On behalf of all the members of the Trusteeship Council, I very warmly welcome the members of the United States delegation.

EXAMINATION OF THE ANNUAL REPORT OF THE ADMINISTERING AUTHORITY FOR THE YEAR ENDED 30 SEPTEMBER 1991: TRUST TERRITORY OF THE PACIFIC ISLANDS (T/1962*)

The PRESIDENT (interpretation from French): The Council will now begin its consideration of conditions in the Trust Territory of the Pacific Islands.

Mrs. TAHIR-KHELI (United States of America): I am extremely pleased to extend my delegation's congratulations to you, Sir, on your unanimous election as President of the Trusteeship Council. I know that the personal knowledge and appreciation of Palau which you developed during the March visit of the Council's Mission there will enable you to approach your duties with a full understanding of the opportunities which Palau has to develop fully its economic and political institutions. I also want to accord recognition to the achievements of the past President, Ambassador Richardson of the United Kingdom. He provided guidance for the Council during its last session, and it was largely due to his leadership that the Mission was able to gather useful information and prepare a report which is both accurate and forward looking.

I should like to take this opportunity also to extend condolences, on behalf of the Administering Authority, on the passing away of Chief Justice Nakamura, with whom many of us had very fruitful and insightful talks while we were on the Mission.

---

* Reissued for technical reasons.

(Mrs. Tahir-Kheli, United States)

While Palau's status has not changed since our last session, there have been a number of developments of some importance. The former United States representative to the Council, Ambassador Wilkinson, visited Palau twice last summer in order to explore with the Palauan leadership possible solutions to the stalemate. Subsequently, Palau requested certain modifications to the Compact of Free Association, and the United States gave a formal response to those suggestions in April. My delegation has provided the Council with a copy of the United States response, and we are prepared to answer any questions members may have. There has also been a popular initiative to amend the Palauan Constitution in order to permit ratification of the Compact by a simple majority vote. The representative of Palau can provide us with the details on this development. What is important from the point of view of the United States is that this development shows that Palau is prepared to deal with its future in a decisive and meaningful fashion.

One of the important events during the past year was the visit of the Council's Mission to Palau in March. This visit gave all of us an opportunity to see at first hand what the situation in Palau is and the potential the country has. We shall have an opportunity to discuss the Mission's report in more detail later in this session, but I know that I developed a better understanding of Palau during that visit and I am certain that the other participants did as well. In the course of the working mission, we all had many opportunities to discuss with a variety of Palauans the future of their country. I know we came away impressed with our discussions. We recall also the beauty of the Rock Islands, the remoteness of the jungles of Babelthuap and the charm of the people of Palau. All those things remain vivid memories for us all today. What we need to focus on now is a successful effort which

(Mrs. Tahir-Kheli, United States)

will permit Palau to use its resources to develop in a manner satisfactory to its people.

While each delegation will want to draw its own conclusions from this visit, my Government believes that the problems which we saw and heard about are additional evidence that the time has come for Palau to move out of the trusteeship status and to make for itself the decisions which are necessary to ensure its own prosperity and development. A trusteeship which would extend well into the final decade of the twentieth century is clearly not what the Security Council intended when it created the trusteeship in 1947, nor is it what the United States envisaged. Rather, the trusteeship was created to bridge the gap between the devastation and disruption of the Second World War and whatever future the residents of these islands should choose. The time to make this choice is now upon us.

The United States agreed to negotiate the Compact of Free Association in the belief that such an arrangement would be beneficial to Palau. We wished to see Palau safely launched into statehood and believed that the mechanism of free association was both an equitable and a practical way to achieve that objective. We continue to believe this to be the case, as apparently does the substantial majority of Palauans that have supported the Compact in each of the seven plebiscites.

There are of course alternatives to the Compact. At the Council's session last year, the United States delegation spoke about independence as an alternative to free association. We are not advocating this solution. We believe free association to be the better choice; but if free association is not acceptable, then independence seems to be the logical alternative. Paluans have amply demonstrated that they are quite anxious to exercise

(Mrs. Tahir-Kheli, United States)

self-government, and are fully capable of so doing. Independence would be the ultimate form of self-government.

Some have suggested that a still-closer relationship with the United States, such as commonwealth, would be appropriate for Palau. But, clearly, if the relatively modest obligations of free association are more than some Palauans are willing to bear, the considerably more binding relationship of commonwealth status would not be appropriate, the statement of a few Palauan leaders to the contrary notwithstanding. We see no evidence that Palau understands the implications of a commonwealth relationship or that such a relationship would prove viable.

Substantial modification of the present Compact has also been advanced as a possible alternative. In this connection, I would bring to the Council's attention the fact that on three separate occasions the United States has modified the Compact in order to meet Palauan concerns. Unfortunately, none of those concessions has led to adoption of the Compact. But the fact that the United States has in the past made changes is indicative of the serious effort we have made in the past to be responsive to the needs of Palau.

As outlined in the 7 April response to Palau by my Government, the present Compact specified a procedure by which the two parties can agree on modifications of the basic document. Similar language is included in the Compacts with the Federated States of Micronesia and the Republic of the Marshall Islands. As circumstances have changed or new situations have arisen, we have agreed with those two freely associated States to modify their Compacts. Some of these changes have required legislative action; others have not. But modification of the original document has occurred with a minimum of difficulty and to the satisfaction of all parties.

(Mrs. Tahir-Kheli, United States)

In short, the United States considers the Compact to be a living document, which can be adjusted as the situation requires. We believe that this built-in feature of the Compact is advantageous to both parties and would meet the needs of Palau. The alternative - to negotiate changes to the Compact yet again prior to ratification by Palau - raises a number of procedural problems which could endanger the entire Compact. We have therefore advised Palau that we consider this approach to be both impactical and unwise.

Assistant Secretary Guerra will later discuss some of the administrative arrangements and practices which the United States has pursued during the past year in order to carry out its mandate as the Administering Authority. Our goal has been to permit Palau to administer itself to the maximum degree possible, consistent with our ultimate responsibility as mandated by the Trusteeship Agreement. After the negotiation of the Compact in 1986, it was the United States belief that Palau would take a positive decision on that document, and we therefore permitted the Government of Palau to exercise additional authority, consistent with the transition from Trust Territory to freely associated status. But free association was not adopted as we had anticipated and hoped. We therefore had no choice but to backtrack somewhat.

That has been a painful process for Palau. But the fact that Palau has objected to some of the measures we have taken is not a sign of United States insensitivity to Palauan needs but, rather, a sign that Palau has developed its political institutions to the point that the leadership wishes to assume full responsibilty for the governance of the islands. We too agree that the time for complete self-government under a status other than that of a United

(Mrs. Tahir-Kheli, United States)

Nations Trust Territory has arrived. We await only the decision of Palau to effect that welcome change. We hope that the deliberations of this Council will contribute positively to that process.

Ms. GUERRA (Special Adviser): Mr. President, on behalf of the Administering Authority and especially my office in the Department of the Interior, I wish to congratulate you on your unanimous election to preside over this very important session of the Trusteeship Council. Let me not overlook the election of the representative of the United Kingdom to the office of Vice-President. The election of two such competent individuals bodes well for the Council.

Because of the recent Visiting Mission, I am certain that discussions at this session will be of extreme importance to the future of Palau, the last jurisdiction in the last Trust Territory. I am confident that the leadership and direction to be provided by you will be thoughtful, insightful and constructive.

Because I had the opportunity to be in Palau with the Visiting Mission, I want to take this opportunity to express my pleasure and that of my Government that finally, after many, many years of invitations, the Russian Federation, represented by Mr. Berezovsky, took part in that historic mission. It is my sincere hope that he found Palau to be as beautiful and as progressive as we had assured the delegation in previous years. I know that he now has experienced the reality of Palau through the Mission's eyes, including the issues that still require resolution. For this reason, I look forward to the discussions that will take place over the next several days.

I would be remiss in my duties if I did not express special thanks to the representative of the Federated States of Micronesia, Ambassador Jesse Marehalau. His presence on the Mission was indeed a historic event. It was only a few short years ago that the Federated States of Micronesia was represented on this side of the Chamber as part of the Trust Territory of the Pacific Islands. Now it is a full Member of the United

(Ms. Guerra, Special Adviser)

Nations. No greater demonstration of the process of successful self-determination under the guidance of the Trusteeship Council and the commitment of the Administering Authority to the principles of democracy and freedom of choice can be made.

I do not want to overlook the very important contribution of the representatives of the People's Republic of China and Papua New Guinea. It is my hope that your observations will contribute to the early termination of the Trusteeship for Palau and that the term "Trust Territory" will finally become a footnote in history.

Since the United Kingdom and France have traditionally taken part in all previous visiting missions, my comments for them are abbreviated. The leadership of then-Council-President Richardson of the United Kingdom made possible a very productive mission, despite the time constraints. The representative of France also is deserving of our appreciation for his very valuable contribution to the Mission's success.

Like the Council, I too want to express sentiments over the death of Chief Justice Nakamura. The loss of the first Chief Justice of the Palauan Supreme Court is greatly felt by all of us who respected and appreciated his leadership and friendship.

And now, since the recent Visiting Mission, so reflective of Council membership, is familiar with most issues, I simply want to touch on some major aspects of our administration that occurred subsequent to the publication of our report to the Council.

Coincident with the arrival of the Mission in Palau, there was an operation in Peleliu jointly conducted by agents of the United States Customs Service; the Drug Enforcement Administration; Bureau of Alcohol, Tobacco and

(Ms. Guerra, Special Adviser)

Firearms, and Palau police. This operation resulted in the confiscation and destruction of over 10,000 marijuana plants.

We firmly believe that the operation, along with all of the federally financed ongoing drug-awareness campaigns that were apparent during the Mission's visit, send a strong message to the people who would engage in this nefarious traffic. Illegal drug activity will not be tolerated as long as the United States is the Administering Authority of the Trust Territory. While no arrests were made during the operation, we expect local Palauan authorities to follow up and reinforce their own commitment to a drug-free society in Palau.

I am aware that the Mission was again presented with a request from some Federal authorities to convince the Administering Authority to resolve the infamous IPSECO obligation. For the record, I will simply repeat what has been stated in this Council for many years: we believe that it is up to the Government of Palau to deal with its own debts.

We have, on the other hand, agreed to "front-end load" the financial package contained in the proposed Compact of Free Association in such a way that if the Compact is approved according to Palau's Constitutional process, there would be an advance on Compact funding that would cover the debt. This is part of the 1989 Guam Accords. The debt is, however, an obligation of the Government of Palau entered into without the concurrence of the Administering Authority.

The same is true of the longstanding obligation for the four paved roads in Babelthuap.

Much discussion took place concerning differing opinions centering on Secretary's Order 3142. As the responsible authority for that order, I will state only that it was promulgated and enforced largely as a result of the

(Ms. Guerra, Special Adviser)

constructive criticism of the Council over the past several years. We recognize that, as long as the Trusteeship Agreement is applicable to Palau, the United States is ultimately responsible for what happens in Palau.

While there was a period of years during which we were willing to let the Trust Territory administer itself as if it were already in free association with the United States, based on an expectation of imminent approval of the Compact, we have since accepted the fact that the approval process in Palau may, more realistically, take more time than originally envisioned.

Secretary's Order 3142 provides for the implementation of our responsibilities with a closer level of coordination and cooperation between our two Governments. The order offers Interior funding for a Palau national master plan that will be written according to the express desires of the Palauan citizenry and approved in Palau. We are putting the finishing touches on a partnership agreement with the United Nations Development Programme and expect the actual planning process to commence later this summer. It is our firm belief that such a plan is absolutely necessary to secure the future of Palau for the Palauan people.

In addition, through the order, we are working closely with the Palauan authorities to ensure fiscal responsibility at both the national and state levels. Already there has been a great deal of progress, with the Government of Palau instituting responsible fiscal measures that will help ensure that spending remains within available revenue.

(Ms. Guerra, Special Adviser)

My colleague Ambassador Tahir-Kheli will address the political status question in more detail. I wish to emphasize, however, that the terms used in our annual report this year, anachronistic and obsolete as they are, do in fact describe our opinion of the Trusteeship and its continuation. We are very anxious to close this chapter of post-Second World War history and lower the flag on the very last Trust Territory in the world just as soon as possible.

For the record, we still believe the Compact of Free Association is the status of choice for both the Palauans and our Government. In seven plebiscites the majority of Palauans have made their preference for the Compact abundantly clear. If, however, the Compact is not possible, I will repeat what was said by our delegation last year before this Council, and most recently following the visiting mission. Independence is an alternative. We would be happy to enter into discussions of independence at any time if free association is no longer a viable alternative.

We hope that there will be a rapid resolution of the status issue in Palau. I advise the Council, however, that after seven trips to the polls and seven failures to reach the constitutionally mandated 75-per-cent majority, we will not be particularly enthusiastic for plebiscite number eight unless the Palau Constitution is first amended to allow Compact approval by a simple majority. This change is necessary before funding is made available for another trip to the polls on the issue of Compact implementation. After there is a successful plebiscite on the Compact, we can talk about revisions through the Compact's amendment procedures. In the meantime, let me assure the Council that the Administering Authority takes its responsibility seriously and will continue to do so until the status issue is resolved.

(Ms. Guerra, Special Adviser)

Finally, let me touch on one of the most important topics applying to the Trust Territory: economic and social development.

The visiting mission was able to see for itself the nearly completed hospital. I believe it is scheduled to open at the end of this year. This represents a $25-million investment by the Administering Authority. This project will immensely improve health-care delivery in the Territory.

In addition, we have funded a variety of projects - most of them described in the annual report - which contribute to the infrastracture that will aid future development. Our operations and maintenance improvement programme is continuing to provide funds for rehabilitating capital structures and for training personnel in operations and maintenance.

We are quite pleased with the success of the privately owned commercial fisheries ventures operating in Palau today.

I would like to note briefly that my office and that of President Etpison have reached an important agreement on the preservation and protection of endangered species in Palau. The visiting mission was present when we signed a historic agreement which will contribute greatly to the preservation of the various turtle species of Palau's waters while at the same time permitting the use, for exclusively internal traditional purposes, of non-Palauan turtle shells confiscated outside Palau. All Palauan commercial trade in shells of endangered turtles has now been terminated by mutual agreement. We have even mounted an attractive exhibit at the Palau International Airport to inform visitors of what can and cannot be removed from Palau legally.

In spite of the world-wide setbacks in tourism, we note that visitor entries are up in Palau. This is an excellent indicator of Palau's bright tourism and economic potential. The entry in the annual report concerning

(Ms. Guerra, Special Adviser)

foreign investment applications is also encouraging. In 1990, out of 41 applications only 14 were approved. In 1991, 18 out of 26 applications were approved, for a variety of investments from water sports to banking.

It is our sincere hope that the Palau national master plan will provide the structure and rules for legitimate investment that will bring increasing prosperity to Palau, both now and in the post-trusteeship period. A resolution of political status would give the international business community further confidence in Palau. I predict that Palau will soon turn its potential into reality.

The experience of the recent visiting mission will make our deliberations here more effective and fruitful. We pledge our full cooperation in the Council's work now and in the future, with the hope that our collective effort will lead to early termination of the last trusteeship. Nothing would make us happier than to see Palau join its former trust territory partners as a full member of the United Nations and of the international community.

The PRESIDENT (interpretation from French): I call on the Chairman of the Palauan delegation, the Honourable Santos Olikong, Minister of State of the Republic of Palau.

Mr. OLIKONG (Special Representative): I am honoured to appear before the Trusteeship Council today to speak on behalf of the Republic of Palau. I see many faces that are familiar from the visit of the United Nations Visiting Mission to Palau early this year. I know mission participants enjoyed themselves in our islands, and I hope their chance to see Palau first hand, with its accomplishments and problems apparent, will make the work of this session more productive.

(Mr. Olikong, Special Representative)

I would also like to add my congratulations to you, Mr. President, and to the Vice-President on your unanimous election to guide the Council this year. To the outgoing President and Vice-President we convey our thanks for their assistance, their insights and their efforts during the past year.

As members know, I ascended to my position as Palau's Minister of State only months ago. Members may recall that my predecessor bade this Council farewell at its 1988 session, assuming that that was to be the last appearance of Palau before this body. Yet today we still find ourselves making the same annual pilgrimage to New York to report on the present state of our fledgling Republic under a relationship that has outlived its usefulness - a relationship that Palau, the United States and this Council no longer desire; a relationship that we all want to see terminated.

This time I really wish that I shall be the last representative of Palau to report under the trusteeship relationship. The termination of the last trusteeship on Earth must be the goal and the purpose of this 1992 Council session. Today let us review the events of the past year, address the prevailing issues preventing the dissolution of the trusteeship, devise a plan for its eventual termination and take bold and decisive steps to achieve Palau's goal of true self-rule.

(Mr. Olikong, Special Representative)

Before proceeding, I would like to thank the Council's President for sympathies sent to us upon the unexpected passing away, on 25 April 1992, of our Chief Justice, Mamoru Nakamura, the first Chief Justice of the Supreme Court. More than any other single person in Palau, Chief Justice Nakamura taught the value of constitutional government by his example and showed us how the rule of law can civilize man's instincts. The late Chief Justice will be sorely missed as Palau struggles with legal and constitutional issues affecting its future.

I am most happy to report and to express the appreciation of the people of Palau to the United States Department of the Interior and the United Nations Development Programme (UNDP) for financing and participating in the formulation of the Palau Master Plan through a tripartite agreement with the Palau Government. Palau early this year formed and launched a national policy task force which has begun the process of national planning, and we await final approval of the initial funding by the Department of the Interior and UNDP. If all goes well, we expect the master planner to be installed and operating by August this year, and the Plan to be finalized and approved in two years. Only through the formation and execution of this economic and social Plan can the people of Palau be said to control its destiny. I should also add my people's and Government's appreciation to the Administering Authority for the new hospital facilities, which are 90 per cent complete and await to be equipped and furnished for the grand opening in December this year.

As members of the Council may recall, when widespread politically related acts of violence stalked Palau in 1987, wreaking havoc upon the lives and property of our people, I, as Speaker of the House of Delegates and a victim myself, pleaded with this body and the Administering Authority to take action

(Mr. Olikong, Special Representative)

to secure and restore law and order in Palau. No action was taken until 1991, three years later, when a Special Prosecutor was appointed and installed by the Administering Authority, a move welcomed by the people of Palau with a sigh of relief. After extensive investigations, the Special Prosecutor has initiated strings of cases related to the 1987 unrest. The people of Palau has high expectations that the rule of law and justice will at last be restored.

However, just when his prosecutorial task is gaining headway, we have learned that the Special Prosecutor may have to leave the work unfinished by 4 July 1992, owing to disagreement on the extension of his contract with the Interior Department. The President has asked the Administering Authority for its continuing sponsorship of the Special Prosecutor under the trusteeship and into the period of the Compact if it is effectuated next year. The stability of Palau now and after the trusteeship era depends upon the effective enforcement of laws, the unrelenting and successful prosecution of law and human rights transgressors, and the eradication of Government corruption. We urge the Department of the Interior of the Government of the Administering Authority to iron out its differences with the Special Prosecutor and to retain him so that he can complete the cases he has begun, which should take one to two years.

Palau has requested certain operation and maintenance funds from the Interior Department for servicing the IPSECO generators in Aimeliik. The funds are absolutely essential before the generators are put out of commission in a matter of months for lack of needed maintenance, overhauling and servicing ever since they were installed in 1985. The Interior Department has granted the request but pegged the release of funds to the enactment of

(Mr. Olikong, Special Representative)

legislation in Palau transferring utilities from the Government to a self-supporting autonomous body. While Palau has decided, as a policy matter, to privatize or transfer to independent institutions some Government services - including utilities - the conditions, terms, and procedures of such a transfer have yet to be worked out as part of the proposed Master Plan formulation in the next two years. We ask the Administering Authority, particularly the office of Assistant Secretary Guerra, to release the funds before Palau plunges into a long, hot and dark summer. This is an emergency situation that demands immediate action. We appeal to this Council to help us convince the Honourable Stella Guerra to consider the urgency of this matter and to act accordingly. It is a disgrace that, after 45 years under the Administering Authority, about 75 per cent of the Republic of Palau still has no electricity in this day and age.

In your visit last March, Mr. President, you and the members of the visiting mission were apprised of the negative impact of United States environmental laws and regulations on current and future development projects in Palau, both Government and private. While many provisions of these laws and regulations out of Washington are geared towards the protection and enhancement of the natural environment of our islands, their approval processing requirements are very cumbersome, highly technical and expensive. This dilatory process is compounded by the fact that the final approving authorities are the United States Army Corps of Engineers or offices of the Environmental Protection Agency in Hawaii or on the United States mainland. In our experience, it takes from two to five years to go through such a serpentine process that, by the time a permit is obtained for a major project in Palau, much time has been wasted, the processing and project costs have

(Mr. Olikong, Special Representative)

soared to astronomical levels, and world economic conditions have so changed as to render the project totally unviable. Ultimately, the losers are not only the potential investors and the national or State Governments, but also the people of Palau.

There is an urgent need to revise the system if we are to accelerate the development of our young Republic to meet our rising needs and resolve our social and economic problems. United States laws and regulations have stymied more than they have contributed to the economic progress of Palau, thus retarding the objectives of the United Nations trusteeship system. We propose that the Administering Authority take one of these alternatives: either the concerned United States agencies establish their offices in Palau, or they appoint Palau Government agencies to perform their approving functions.

An example of the adverse effects of the restrictive United States regulations is the non-implementation of Palau's priority infrastructure and development projects: the circumferential road on Babelthuap Island and the proposed new airport there. These projects, vital to upgrading the country's transportation system, are the cornerstones of our national development efforts. Unless these important projects are completed, we cannot see how any meaningful development can proceed in Palau. Already set in motion, these projects are hindered from planning to construction stages by United States regulations and approval requirements. Besides the time and effort needed to obtain funding for them, it will take at least four years and millions of dollars before the first shovel breaks ground. If the Administering Authority insists on imposing its permit regulations, then at the very least it should

(Mr. Olikong, Special Representative)

provide the financing for these projects prior to the termination of the trusteeship in order to ensure their implementation. So far, there is no indication to that effect.

(Mr. Olikong, Special Representative)

The Compact of Free Association was developed over many years and has been put to a test as a viable political status by our next-door neighbours in the Federated States of Micronesia and the Republic of the Marshall Islands. It is the only political status on the table now between the United States and Palau. The details of the relationship were first disputed, then negotiated, and finally agreed upon. As Palauans, we have learned to subscribe to the adage that "Genius lies in the details", but now we see that too much time has been spent arguing over procedures and the technicalities of implementation in Palau. Our country needs to see an end to the trusteeship so that our Constitution can be fully enforced by our people and be recognized not only by our neighbours but also by the United States and the United Nations as the only sovereign instrument - the supreme law of the land - in our islands.

Last year, we reported the formation of a working group to identify and propose to the United States modifications to the Compact in the context of present realities and the changing world order. Palau suggested the removal of nuclear provisions from the Compact, but was advised right away that this was not acceptable; it sought a shorter term of the Free Association relationship and redesignation of land areas which the United States could commandeer for military purposes. These proposed Compact modifications were formally relayed to United States Ambassador James Wilkinson, who led the delegation of the Administering Authority in the Council's last two annual sessions, during his two visits to Palau to hear our concerns and seek common ground with us. They were also officially transmitted in writing to the United States Government by the Palauan political leadership in October 1991. Unfortunately, on 7 April 1992, the United States Department of State responded by summarily rejecting all the proposed modifications. And while I

(Mr. Olikong, Special Representative)

understand that the United States has concerns of its own, we cannot figure out why it took the Administering Authority nearly two years just to say "No" in the end.

Palau continues to seek ways to resolve the political status issue. Shortly after the visiting mission left, a citizens' petition to allow ratification of the Compact by a simple majority vote was presented to the Government. That petition has been verified by our Election Commission as bearing valid signatures of more than 25 per cent of our registered voters as required by our Constitution for any popular initiative to be effective. Upon its receipt, President Etpison formally submitted a legislative proposal to our National Congress designed to provide for a Constitutional Amendment Referendum as requested by the Petition. But since the proposed bill did not get enacted by the Congress in time to ensure a vote within the 90-day period specified in the Petition, the President has set 13 July 1992 as the referendum date. President Etpison and other leaders of Palau had hoped for a congressional act calling for a referendum to amend the Constitution. However, all interests appear to agree that the petition, through executive order, must be placed before the voters to be accepted or rejected in a fair and open election, as the voters decide.

I cannot predict now what the outcome of that vote will be. Without the modifications in the Compact which Palau's leadership had hoped to obtain from the Administering Authority, the electorate may refuse to change the 75-per-cent requirement for a Compact approval that frustrated seven previous plebiscites. Even if the petition passes, we cannot be certain that our voters will subsequently approve the present version of the Compact, unless some better assurances come about from the United States relating to military

(Mr. Olikong, Special Representative)

land-use rights and the terms of the agreement. I sincerely hope, however, that within the next one year, the United States and Palau will come to terms on their future relations and that the Council can then terminate the world's remaining Trusteeship Agreement.

In the economic sphere, Palau has remained undeveloped. The tourist industry is moving at a snail's pace. While blessed with bountiful waters, Palau's lucrative fishing industry hardly moved the islands out of its economic doldrums. Maximizing optimum economic returns from the exploitation by distant-water fishing nations of the Republic's fisheries resources within its 200-mile exclusive economic zone has been plagued by illegal fishing by foreign fleets. Slow progress is evident in the area of trade and commerce. Infrastructure facilities and institutions remain inadequate, if not antiquated.

The educational system in Palau continues to be substandard. It is failing to mould our people into vital assets in nation-building. Our schools and other learning institutions cannot produce quality graduates. Our youth, ill-equipped with academic knowledge and practical skills, lag behind in various fields of human endeavour. Since employers hire trained immigrants before employing from the Palauan workforce, too often our young people see their choices as emigration or stagnation. As a result, 13 out of 16 States are suffering from depopulation.

Lack of road, power and water systems in Babelthuap Island contributes to overconcentration of physical development in Koror, Palau's provisional capital. In frustration, our States have begun road and other physical projects on their own, but these are chronically underfunded and suffer from design and environmental deficiencies. While basic services are being

(Mr. Olikong, Special Representative)

extended to villages outside Koror too slowly, the increasing population and commercial activities in the capital overburden water, sewer and electric utilities in Koror, not to mention other associated social problems.

Under the Trusteeship Agreement, it is the obligation of the United States as Palau's Administering Authority to prepare the Palauan people for self-government and self-sufficiency. Towards this end, the United States should have created opportunities for the Palauan people to enable them to stand as a proud Republic in the community of nations upon the termination of the trusteeship. This the United States could have done by providing the people of Palau with adequate training in international diplomacy; making allowances for them actively to take part in international forums; assisting them in international trade relations; and promoting the skills necessary for the proper conduct of foreign affairs with other nations and international or regional organizations. It is my painful duty to report, however, that in this vital preparation for self-government, the Administering Authority has taken calculated steps to stifle rather than to promote progress. Instead of propelling Palau to national advancement, it has bogged the island Republic down in the morass of political and economic stagnation by imposing upon us its regressive orders and regulations under the guise of performing its trusteeship obligations.

The most serious threat to the efforts of Palau in preparing itself to run its own affairs and to exercise its inalienable freedom, is Secretary's Order 3142 issued by the United States Secretary of the Interior on 15 October 1990.

(Mr. Olikong, Special Representative)

Since 1981, and long before this infamous Order was promulgated, the 16 state governments of Palau operated as autonomous political units in accordance with the National Constitution and their respective state constitutions by passing their laws, electing their own officials and running their day-to-day affairs free from unnecessary interference from either the national Government or the Department of the Interior. The new Order, however, takes most of these state powers away and prohibits them, among other things, from enacting their budgets, entering into any contract, engaging in any business, securing any loan or appropriating funds, without the prior approval of policy-makers residing thousands of miles away in Washington D.C. The Order virtually returns Palau to the post-war era as a faceless subject of the United States Naval Administration that wielded the limitless authority of an absentee colonial landlord in the Micronesian Islands from 1945 to 1952. In promulgating the Order the United States perhaps forgot the fact that as Palau's Administering Authority it is bound by article 6 of the Trusteeship Agreement and Article 76 (b) of the United Nations Charter, which specify the United Nations Trustee's obligations to its ward. I need not quote those provisions, as members are very familiar with them.

It is, however, worth while to recall to mind that whatever powers the Administering Authority has over us, they are limited by article 4 of the Trusteeship Agreement, which provides:

> "The Administering Authority, in discharging the obligations of the trusteeship in the Trust Territory, shall act in accordance with the Charter of the United Nations and the provisions of this agreement and shall, as specified in Article 83 (2) of the Charter, apply the

(Mr. Olikong, Special Representative)

objectives of the international trusteeship system, as set forth in Article 76 of the Charter, to the people of the Trust Territory."

Since the inception of the trusteeship system, Secretarial Orders have been applied in Micronesia as the Administering Authority's mechanism for discharging its obligations and responsibilities under the Trusteeship Agreement and the United Nations Charter. Secretary's Order 3142, however, is being applied as an instrument for violating the very same Trusteeship Agreement and the United Nations Charter by effectively taking away powers and authority that the 16 states and the national Government of Palau have been exercising - in particular over the past 11 and a half years under a democratically elected constitutional Government. In their application, most sections of Order 3142 run counter to the objectives of the Trusteeship Agreement, and while the United States may have been given extensive powers in the administration of the Trust Territory of the Pacific Islands as a strategic trust, the authority so vested must be exercised in compliance with and within the confines prescribed in the Trusteeship Agreement that the United Staets entered into with the United Nations in July 1947.

Another major flaw of Secretary's Order 3142 is its phantom requirements, which are found neither explicitly nor implicitly in its text but nevertheless enforced by the policy-makers in the Departments of both Interior and State. Section 11 of the Order requires prior clearance and/or approval, or a statement of no objection, by the United States of communications between Palau and foreign countries. Palau recently asked for clearance when President Etpison was invited to visit the Philippines. The President was told in no uncertain terms that he could not travel to the Philippines as chief executive of a nation in view of Palau's trusteeship status and that

(Mr. Olikong, Special Representative)

Palau's President could not therefore be treated as if he were from a sovereign State. Upon a request for reconsideration of non-official capacity Palau was again told that its President could not visit the Philippines even as a private person because the Philippine Government would most likely receive him as a Head of State. And just last week Palau was advised by officials of the United States State Department that not only could President Etpison not attend the United Nations Conference on Environment and Development in Brazil but that no other official from Palau could go as a Government representative. Palau could participate, we were informed, only as a non-governmental organization, since it currently lacks the attributes of a sovereign or semi-sovereign country. Again, nothing in Secretary's Order 3142 prohibits the travel of Palau's President in this fashion.

Selective enforcement of the Secretary's Order is creating an impression - at least to us - that the Administering Authority wants to perpetuate Palau's dependence on the United States. It appears - at least to us - that this regressive Order is reducing Palau to a welfare state, unable to stand on its own feet and thus continuing to be forever subservient to the whims of its Administering Authority through the few officials charged with carrying out its policies. Although we are alarmed by the restrictions of Order 3142, we refuse to believe that the United States is consciously applying iron-fist tactics in asserting outright administrative, legislative or judicial control over Palau by means of the Order. We hope and pray that the Order is not in any way a tool to pressure or coerce Palau into accepting the Compact of Free Association, which has not been approved by a 75-per-cent constitutionally required vote in 7 referendums.

(Mr. Olikong, Special Representative)

Our fears may be unfounded, for it could be that the technocrats-bureaucrats at the Departments of Interior or State, relishing their new-found powers over the people of Palau or in an over-zealous discharge of their offices, have been driven to overstep the bounds of responsibility, to the prejudice of the Palauan people.

However that may be, we are prepared for the consequences of the termination of the trusteeship and a new form of political status. We will conduct our own affairs as best we know how; we will learn from our own mistakes and be strengthened by them; we will suffer from our own misjudgements but be all the wiser for it and harvest the fruits of our own success in nation-building. It is high time for us Palauans to brace ourselves and to rise up to meet the challenges of the future, come what may.

The Republic's political agenda for the remainder of 1992 includes voting on a citizens' initiative calling for a constitutional amendment referendum. Should it pass favourably - and we are confident that it will - another Compact plebiscite will follow. President Etpison, who staunchly supports the Compact of Free Association, with the proposed modifications, has declared that the eighth referendum on the Compact will be the last. In keeping with the Council's past practices, Palau respecfully requests the Trusteeship Council to dispatch an observer mission to witness the voting. Should the Palauan voters reject the Compact of Free Association at the polls, with or without our suggested changes, then Palau and its people will have no other choice but to explore an alternate status arrangement.

(Mr. Olikong, Special Representative)

Simultaneous with the preparations for the constitutional amendment referendum called for by the popular initiative, Palau will also conduct a historic presidential primary election in September, to be followed by general national elections in November during which the electorate will select new leaders - and, the President trusts, one old one as well - for the next four years.

(Mr. Olikong, Special Representative)

In closing, I should like to say that the quest for our rightful place in the community of proud nations is not without trials and tribulations, and we are indeed learning in the process. But, knowing that the price for subservience and complacency is national downfall, we have learned to relish the pains of our political struggle for genuine freedom. We are determined to put an honourable end to the trusteeship in the first year of the next Administration. This we hope to work out with the blessings of the Divine Providence, with the Trusteeship Council's helping hand, and with the goodwill of the United States of America. This we hope to achieve in the spirit of peace, harmony and understanding.

The PRESIDENT (interpretation from French): As there are no other speakers at this time, the Council will continue its consideration of this item at its next meeting, tomorrow morning.

REPORT OF THE UNITED NATIONS VISITING MISSION TO PALAU, TRUST TERRITORY OF THE PACIFIC ISLANDS, MARCH 1992 (T/1964)

The PRESIDENT (interpretation from French): I call on the Chairman of the Visiting Mission, Ambassador Thomas Richardson of the United Kingdom, to introduce the Visiting Mission's report.

Mr. RICHARDSON (United Kingdom), Chairman of the Visiting Mission: At the risk of repetition, let me first convey the Visiting Mission's warmest greetings and thanks to His Excellency President Etpison, to Vice-President Nakamura, to Minister Olikong, to Minister Pierantozzi, and to all our friends in the Palauan delegation here and all the other friends whom we met in Palau a short two months ago.

(Mr. Richardson, Chairman, Visiting Mission)

I wish also to express the profound sorrow of my delegation, and of myself personally, at the untimely death of the Chief Justice.

Also, I should like to convey our greetings to our United States colleagues - the Assistant Secretary of the Interior, Stella Guerra, Mr. John Becker, Mr. Stephen Sander, Ambassador Tahir-Kheli, and all the rest of the United States team, both from Washington and from Palau.

We have just heard some very important statements, on which I am sure we shall all want to reflect very carefully. My purpose in speaking this morning is a more modest one - that is, to introduce the report of the Visiting Mission to Palau, over which I had the honour to preside.

As you said, Mr. President, the report of the Visiting Mission appears in document T/1964. I think that this report and its conclusions and recommendations speak for themselves.

It was a very important Mission, I think, for two reasons. The first reason, of course, is that it was the largest mission to go to Palau for many years. All the members of the Trusteeship Council were represented on it - of course, other than the United States itself. In addition, we had the invaluable participation of our friends from the Pacific region, Ambassador Lohia of Papua New Guinea and Ambassador Marehalau of the Federated States of Micronesia. Secondly, as members of the Council will have noticed, the Mission's report was unanimous, and I hope it derives greater strength from that fact.

I want to pay a tribute to all my colleagues on the Mission, including the absent Mr. Wang of the People's Republic of China, who is now happily ensconced at headquarters in Peking. I want to convey especially our thanks and gratitude to our colleagues from the Secretariat: Mr. De Souza,

(Mr. Richardson, Chairman, Visiting Mission)

Mr. Campino, Mrs. Lim and Mrs. de Guzman. I thank them all very much for their constant help and advice.

I do not intend to speak at very great length. We learned a lot during our stay. I expect we would have learned still more had we been able to stay longer. But I believe that the Visiting Mission's report is a faithful account of our visit to Palau. I want to reiterate our warm thanks to all those in Palau who made the arrangements for our visit.

In its report, the Mission has made a substantial number of conclusions and recommendations. It is not my intention to repeat them all here, but I should just like to touch on what seem to me to be the three most important issues raised in the course of our visit.

The first, of course, is the question of Palau's future political status. As we say in our report, there was a very evident sense of frustration among all those with whom we spoke, and a corresponding anxiety to ensure the success of the next referendum - which we all hope will be the last - on the proposed Compact of Free Association. The Mission noted the possibility of a constitutional amendment to enable the Compact of Free Association to be passed by a simple majority in a subsequent referendum. We have learned some further details just this morning of how the Palauan representation envisages the next steps in this process. We also know that the Administering Authority has now replied - shortly after we concluded our visit to the area - to the Palauan memorandum of last October. I very much hope that the statements already made at this meeting and those still to be made will help to clarify the way forward, and that all members of the Council

(Mr. Richardson, Chairman, Visiting Mission)

will be able to judge for themselves how the events of the next year are likely to proceed.

On many occasions in Palau, the Trusteeship Council was urged to assume what I might call greater responsibility for the process. I think it is fair to say that there was no real agreement on what the Trusteeship Council should do. For example, some of those to whom we spoke wanted a moratorium on any further Compact referendums and therefore, at least by implication, the prolongation of the Trusteeship Agreement for some time yet to come. Others, in turn, wanted the Council to take early action to help the parties reach agreement on Palau's future status and so enable the early termination of the Trusteeship Agreement. But everyone to whom we spoke begged, implored the Council not to abdicate its responsibilities. There was no disagreement whatsoever on that.

In all this, the Council's position is clear. It is set out in the Mission's own concluding observations and recommendations. It is not - and should not be - for this Council to express a view on any particular form of future political status, provided only that it conforms to the broad framework of self-government or independence that is laid down in Article 76 of the Charter of the United Nations. It is a self-evident fact that only Palauans can decide on their own future, through their own democratic constitutional processes. It follows, in my delegation's view - and I am sure in the view of others too - that the Trusteeship Council will continue to fulfil its responsibilities fully and conscientiously for as long as the Trusteeship Agreement remains in force. Equally, however, we all know that Palau is the last remaining Trust Territory and that in normal circumstances its future status would have been resolved one way or the other some years ago. A

(Mr. Richardson, Chairman, Visiting Mission)

prolonged continuation of the present impasse can only lead to a mounting sense of frustration, which it is in everyone's interest, I suggest, to avoid. I very much hope, therefore, that early progress can be made on resolving Palau's future status. We may wish to return to this subject in the course of our general debate later this week.

Let me just add that I certainly and, I believe, all the members of the Mission were very impressed indeed by the sophistication and maturity of both the Palauan leadership and the Palauan people. We are in no doubt whatsoever that Palau stands ready to assume increased responsibilities internationally.

Secondly, it will be clear from the main body of the Mission's report that the Mission heard a great deal, most of it critical, about the impact of Secretary's Order 3142. I think it is of some importance here to distinguish between two aspects of this issue.

Responsibility for financial and fiscal matters is something which it is in the interest of the Palauans themselves to ensure - and, above all, of course, of their Government. This is true and has to be true whatever Palau's current or future status. There will be an effect on international willingness to invest in the Territory.

(Mr. Richardson, Chairman, Visiting Mission)

But the Mission was also keenly aware that once the question of future status is resolved Palau will stand on its own both in determining its national budgetary priorities and in seeking to attract international capital and investment. Order 3142, therefore, should be seen as a means to an end, and not as an end in itself. I am sure that everyone would agree that the underlying aim should not be to perpetuate unnecessary conflict between the Government of Palau and the Administering Authority, but rather to resolve matters on the spot in a responsible way so that the provisions of the Order, and especially those regarding the suspension of legislation or disallowances of borrowing, will not need to be used in future.

What flows from that is the unanimous view of Mission members, expressed in their report, that all those concerned need to consider very carefully ways of strengthening arrangements for authoritative and on-the-spot consultation between Government representatives and the representatives of the Administering Authority, so as to find practical ways of satisfying the requirements of the Order without bringing the full weight of the Order's provisions to bear. I very much hope that this aspect can be looked at urgently, because I think it is fair to say that all members of the Mission attach some importance to it.

Finally, and perhaps most important of all, there is the crucial question of economic development and economic self-reliance. Again, this is an issue which the Government of Palau will of course have to face whatever its political status. It is a small Territory with limited resources, but clearly there is much scope for greater utilization of the advantages that Palau

(Mr. Richardson, Chairman, Visiting Mission)

already enjoys. I was pleased to hear the Minister of State, Mr. Olikong, touch on the same point in his statement this morning. I am thinking in particular, of course, of the prospects for fishing and the tourist industry.

I believe that over the years ahead action is going to be needed on both the revenue side and the expenditure side. On the revenue side, it seems to my delegation that there is need for greater development of local revenue-producing resources, so that more funds can accrue to the national Government. This in turn will both enhance Palau's self-reliance and reduce its aid-dependence.

On the expenditure side, it would be our humble suggestion that a fresh look be taken at the staffing and pay levels of the public sector in Palau. I recognize that there are no easy solutions, but some way must be found, I think, of creating headroom, both for a greater development of the private sector and - here, I admit, I touch on a problem which is essentially domestic - for some reorientation of Government expenditure to help much-needed small-scale capital development projects and social and educational programmes in the outlying states, whose problems were very vividly impressed on us throughout our stay.

I can well understand the pressures for wage levels in the public sector comparable to those of neighbouring Territories in the Pacific and indeed to those of the United States itself, but such pressures carry with them the great risk of a further increase in current spending and of Palau becoming more aid-dependent instead of less aid-dependent in the years ahead.

(Mr. Richardson, Chairman, Visiting Mission)

In this context, and although it may seem a technicality, I welcome the proposal to transform Palau's past debts into a consolidated loan arrangement so that there would be a greater degree of predictability in forecasting future requirements to service the loan.

The Mission, of course, covered a much wider range of issues, all of which are set out in our report: health, education, the state of the hospitals, social programmes, labour - the whole gamut of Palau's life. I only wanted in these introductory remarks to touch, as I said, on what seemed to me three major issues.

I think all of us will always remember the warmth of our reception, the frankness of all our discussions in Palau and, of course, the sheer beauty of the country. I think also that Palau has made great strides. I wish it all success in overcoming what I sincerely hope are now the final hurdles. I think that all members of the Palauan delegation know that they have made many friends here, and we hope that in the not-too-distant future we shall have the pleasure of welcoming a Palauan representative to the United Nations in our midst.

The PRESIDENT (interpretation from French): As there are no further speakers at this time, I would suggest that the Council continue consideration of this item at its meeting to be held tomorrow.

The meeting rose at 12.25 p.m.